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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

IN SEC  
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Section

MAR 01 2018

Washington DC  
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## OMB APPROVAL

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## SEC FILE NUMBER

8- 13923

## FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/17 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: **Kinetics Fund Distributors, LLC**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**470 Park Avenue South, 3rd Floor**

(No. and Street)

**New York****NY****10016**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

ARON FROM

646-291-2297

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Alperin Nebbia & Associates, CPA, PA**

(Name - if individual, state last, first, middle name)

**375 Passaic Avenue, Suite 200 Fairfield****NJ****07004**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**☒  
☐  
☐

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

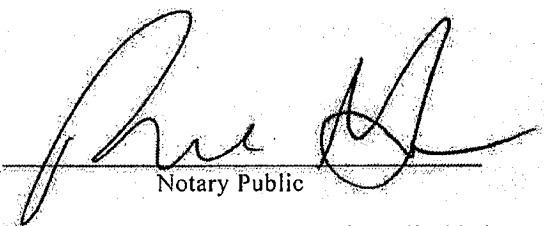
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Hugh Ross, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kinetics Fund Distributors, LLC, as of December 31st, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Chief Executive Officer  
\_\_\_\_\_  
Title

**RUSSELL W. GRIMALDI**  
**NOTARY PUBLIC-STATE OF NEW YORK**  
**No. 02GR6145939**  
**Qualified in Westchester County**  
**My Commission Expires May 15, 2020**

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**KINETICS FUND DISTRIBUTORS LLC  
(S.E.C. NO. 8-13923)**

**STATEMENT OF FINANCIAL CONDITION  
YEAR ENDED DECEMBER 31, 2017  
AND  
INDEPENDENT AUDITOR'S REPORT  
AND  
SUPPLEMENTAL EXEMPTION REPORT**

\*\*\*\*\*

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This report is filed as a PUBLIC document in accordance with Rule 17a-5(e)(3) under the Securities and Exchange Act of 1934.

**KINETICS FUND DISTRIBUTORS LLC**

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Steven J. Alperin, CPA  
Vincent Nebbia, CPA  
Jeffrey M. Sellgmuller, CPA  
Roger J. Hitchuk, CPA

Report of Independent Registered Public Accounting Firm

To the Member of Kinetics Funds Distributors LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Kinetics Funds Distributors LLC (the "Company") as of December 31, 2017, the related statements of operations, changes in member's equity, and cash flows, for the year then ended and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2003.

Alperin, Nebbia & Associates, CPA, PA

*Alperin, Nebbia & Associates, CPA, PA*

Fairfield, New Jersey  
February 26, 2018

**KINETICS FUND DISTRIBUTOR LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2017**

**Assets:**

Cash and cash equivalents	\$	1,004,203
Investment in securities, at fair market value		288,253
Fees receivable		1,335,564
Prepaid expenses		20,344
Due from affiliate		62,659
		<hr/>
Total Assets	\$	<u>2,711,023</u>

**Current Liabilities:**

Accrued expenses	\$	9,000
Due to affiliate		61,936
		<hr/>
Total Current Liabilities		70,936

**Commitments and Contingencies**

**Member's Equity**

		<u>2,640,087</u>
		<hr/>
Total Liabilities and Member's Equity	\$	<u>2,711,023</u>

**KINETICS FUNDS DISTRIBUTOR LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Note A – Organization and Significant Accounting Policies**

**Nature of Business**

Kinetics Funds Distributor LLC, (the “Company”) is a registered broker-dealer under the Securities Exchange Act of 1934. The Company acts as a broker (agent) in the distribution of shares of the Kinetics Portfolio Trust series of funds and does not receive or hold funds of subscribers or securities of issuers. The Company also acts as a private placement agent for the Kinetics Portfolio Trust and receives an annual fee for such services.

**Investments**

Marketable securities are considered available for sale and consist of NASDAQ common stock and various mutual funds, which are carried at fair market value.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingencies in the financial statements. Actual results could differ from the estimates included in the financial statements.

**Revenue Recognition**

Service fees are recognized as earned. Security transactions and related expenses are recorded on a trade date basis. Marketable securities are valued at market value with the resulting difference between cost and market included in income.

**Cash and Cash Equivalents**

Cash and cash equivalents include investments with three months or less to maturity at the date of purchase.

**Income Taxes**

In May 2011, the Company became a wholly-owned subsidiary of Horizon Kinetics LLC. Any change as the result of an examination by the IRS or the State of New York after 2011 would not have an impact at the entity level.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

**KINETICS FUNDS DISTRIBUTOR LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**Note A – Organization and Significant Accounting Policies (Continued)**

**Fair Value Measurements**

The Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurement and Disclosure defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three levels of the fair value hierarchy under ASC Topic 820-10-35 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are significant to the fair value measurement and unobservable

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

At December 31, 2016, the Company has classified all of its securities owned at fair market value at Level 1 for ASC Topic 820 Fair Value Measurement purposes.

**Subsequent Events**

Subsequent events were evaluated through February 26, 2018 which is the date of the financial statements were available to be issued.

**Note B – Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission’s Uniform Net Capital Rule (Rule 15c3-1), that requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2017 the Company had net capital of \$1,162,031, which was \$1,137,031 in excess of its required net capital of \$25,000. The Company’s net capital ratio was 0.06 to 1.

**Note C – Commitments**

In the course of business, the Company may maintain cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation. Cash balances at risk as of December 31, 2017 were \$754,203.



**KINETICS FUNDS DISTRIBUTOR LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Note D - Related Party Transactions**

Affiliated loans (due to/from) are non-interest bearing account balances.

**Note E – Investments**

At December 31, 2017, the Company owned 3,000 shares of NASDAQ common stock with a fair market value of \$230,490 and cost of \$39,000. The total unrealized gain with respect to these securities at December 31, 2017 was \$191,490. The Company also owned shares of various mutual funds with a fair market value of \$57,763 and a cost of \$30,200. The total unrealized gain with respect to these securities at December 31, 2017 was \$27,563.

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### **Report of Independent Registered Public Accounting Firm**

To the Member of  
Kinetics Funds Distributor LLC

We have reviewed management's statements, included in the accompanying exemption report, in which Kinetics Funds Distributor LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Kinetics Funds Distributor LLC claimed an exemption from 17 C.F.R. §240.15c3-3 under Section (k)(2)(i) and Kinetics Funds Distributor LLC stated that Kinetics Funds Distributor LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Kinetics Funds Distributor LLC's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Kinetics Funds Distributor LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

ALPERIN, NEBBIA & ASSOCIATES, CPA, PA

*Alperin, Nebbia & Associates, CPA, PA*

Fairfield, New Jersey  
February 26, 2018



### **KINETICS FUNDS DISTRIBUTOR LLC: 2017 EXEMPTION REPORT**

Kinetics Fund Distributor LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R §240.15c3-3 under the provisions of 17 C.F.R §240.15c3-3(k)(i); and
- (2) The Company met the identified exemption provisions in 17 C.F.R §240.15c3-3(k) throughout the most recent fiscal year without exception.

Kinetics Fund Distributor LLC

I, Hugh Ross, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

By: 

Name: Hugh Ross

Title: Chief Executive Officer

Date: February 21, 2018